AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL No. 969

Introduced by Assembly Member Atkins

February 18, 2011

An act to ~~amend Section 14105.22 of~~ *add Section 14105.221 to* the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 969, as amended, Atkins. Medi-Cal: clinical laboratory and laboratory services.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing law provides that reimbursement for clinical laboratory or laboratory services, as defined, may not exceed 80% of the lowest maximum allowance established by the federal Medicare program for the same or similar services.

~~This bill would make a technical, nonsubstantive change to this provision.~~

This bill would require commercial clinical reference laboratory providers, as defined, to submit their usual and customary charges, as defined, when billing the Medi-Cal program for clinical laboratory tests or examinations or laboratory services. This bill would provide that payment to commercial clinical reference laboratory providers shall be the lower of the usual and customary charge or the reimbursement rate specified for clinical laboratory or laboratory services. This bill would require commercial clinical reference

laboratory providers to keep and maintain records of their usual and customary charges for a period of 3 years from the date the clinical laboratory test or examination or laboratory service is rendered.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 14105.221 is added to the Welfare and Institutions Code, to read:

14105.221. (a) For the purposes of this section, "commercial clinical reference laboratory provider" means a clinical laboratory that provides clinical laboratory tests or examinations or laboratory services to the general public for profit. For the purposes of this section, "commercial clinical reference laboratory provider" does not include a physician office laboratory, as defined in paragraph (10) of subdivision (a) of Section 1206 of the Business and Professions Code, or a not-for-profit, federal, state, or local government laboratory.

(b) (1) For the purposes of this section, "usual and customary charge" for a clinical laboratory test or examination or laboratory service means the lower of either of the following:

(A) The lowest price reimbursed to the commercial clinical reference laboratory by third-party payers in the state, excluding Medi-Cal managed care plans, as defined in subdivision (a) of Section 14456.5.

(B) The lowest price routinely offered by the commercial clinical reference laboratory to any segment of the general public.

(2) Donation of, or discounts for, clinical laboratory tests or examinations or laboratory services by a commercial clinical reference laboratory to a federal qualified health center, as defined in Section 1396d(l)(2)(B) of Title 42 of the United States Code, shall not be considered to be a usual and customary charge.

(c) Commercial clinical reference laboratory providers shall submit their usual and customary charges when billing the Medi-Cal program for clinical laboratory tests or examinations or laboratory services.

(d) Commercial clinical reference laboratory providers shall keep and maintain records of their usual and customary charges

for a period of three years from the date the clinical laboratory test or examination or laboratory service is rendered.

(e) Payment to commercial clinical reference laboratory providers shall be the lower of the usual and customary charge or the reimbursement rate established pursuant to Section 14105.22.

(f) (1) Notwithstanding any other provision of law, the department may, without taking regulatory action pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, implement, interpret, or make specific this section by means of a provider bulletin or notice, policy letter, or other similar instructions.

(2) The department shall notify and consult with interested parties and appropriate stakeholders in implementing, interpreting, or making specific the provisions of this section, and shall do all of the following:

(A) Notify provider representatives of the proposed action or change. The notice shall occur at least 10 business days prior to a meeting described in subparagraph (B).

(B) Schedule at least one meeting with interested parties and appropriate stakeholders to discuss the proposed action or change.

(C) Allow for written input regarding the proposed action or change.

(D) Provide at least 30 days advance notice of the effective date of the action or change.

~~SECTION 1. Section 14105.22 of the Welfare and Institutions Code is amended to read:~~

~~14105.22. Reimbursement for clinical laboratory or laboratory services, as defined in Section 51137.2 of Title 22 of the California Code of Regulations, may not surpass 80 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services.~~

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